

Message Text

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ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 USIA-06

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P R 241600Z DEC 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 7009

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE SECTION 1 OF 2 BRASILIA 9576

E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: BRAZILIAN STEEL EXPANSION PROGRAM: US INDUSTRY TASK FORCE

REF: STATE 270785

1. EMBASSY OFFICER MET DECEMBER 18 WITH DR. WILKIE BARBOSA, SUPERINTENDENT DIRECTOR OF SIDERBRAS, CONCERNING AGENDA FOR TASK FORCE MEETING IN BRAZIL AS OUTLINED REFTEL AND MODIFIED BY JASPERS-RUSER TELCON DECEMBER 17. BARBOSA SAID SCHEDULE, AS SHOWN BELOW, IS ACCEPTABLE TO GOB.

JANUARY 22 -

MORNING - CONSULTATIONS WITH EMBASSY

AFTER - COURTESY CALLS ON MINISTER OF INDUSTRY AND COMMERCE, PRESIDENT OF SIDERBRAS, AND POSSIBLY MINISTER OF PLANNING.

EVENING - EMBASSY RECEPTION (SUBJECT TO AMBASSADOR'S CONCURRENCE).

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JANUARY 23 - SUBSTANTIVE MEETING WITH SIDERBRAS AND

REPRESENTATIVES OF BRAZILIAN STEEL COMPANIES.

EVENING - RECEPTION OR DINNER HOSTED BY SIDERBRAS.

JANUARY 24 - TRAVEL TO RIO WHERE GROUP WILL BE MET AT GALEAO AIRPORT AND TAKEN TO VOLTA REDONDA TO VISIT STEEL MILL.

AFTERNOON - FURTHER TALKS IF DESIRED.

JANUARY 25 - FREE DAY.

EVENING - DEPART RIO FOR RETURN TO US.

ABOVE SCHEDULE WAS ALSO COMMUNICATED TO SIDERBRAS BY BRAZILIAN EMBASSY WASHINGTON AND BARBOSA SAID ACCEPTANCE HAS ALSO BEEN TRANSMITTED VIA THAT CHANNEL.

2. EMBASSY SUGGESTS, IN ACCORDANCE WITH COMMERCE WISHES INDICATED IN DECEMBER 17 TELCON, THAT WRAP-UP DINNER WITH BRAZILIANS CAN TAKE PLACE JANUARY 24 IN RIO. ALTERNATIVE WOULD BE LUNCHEON AT VOLTA REDONDA. DE-BRIEFING WITH EMBASSY AND CONGEN STAFFS CAN BE HELD IN RIO ON SATURDAY MORNING, JANUARY 25. PROGRAM FOR MORNING OF JANUARY 22 WOULD INCLUDE CALL ON AMBASSADOR BETWEEN 9 AND 10 AND ROUNDTABLE DISCUSSION WITH EMBASSY OFFICERS FOLLOWED BY WORKING LUNCH, BETWEEN 10 AND 1:00 O'CLOCK. PER TELECON, EMBASSY WOULD ADD, IF POSSIBLE, APPOINTMENT WITH MINISTER OF FINANCE AFTERNOON OF JANUARY 22.

3. BARBOSA REQUESTED THAT WE FURNISH HIM WITH SUGGESTED ANNOTATED AGENDA, INCLUDING LISTING OF ALL MAJOR SUBJECTS INDUSTRY REPS WILL WISH TO PURSUE. DESCRIPTION OF EACH AGENDA TOPIC SHOULD BE SUFFICIENTLY SUBSTANTIVE AND DETAILED SO THAT GOB CAN FORMULATE A VIEW (INCLUDING THE NECESSARY INTERNAL GOB CLEARANCES) BEFORE THE MEETING. BARBOSA STRESSED THAT THESE PREPARATIONS ARE MOST IMPORTANT FOR GOB, TO ENSURE THAT RIGHT PEOPLE AND NECESSARY INFORMATION ARE AVAILABLE IN BRASILIA. WITHOUT SUCH LIMITED OFFICIAL USE

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PREPARATIONS, IT MIGHT BE DIFFICULT FOR TALKS TO PRODUCE THE CONCRETE RESULTS DESIRED BY BOTH SIDES. BARBOSA EMPHASIZED POINT THAT HE FELT QUESTION OF FINANCING WOULD BE A KEY FACTOR IN DETERMINING US COMPETITIVENESS, SINCE, ON PRICE, US SUPPLIERS WERE IN STRONG POSITION VIS A-VIS OTHER COUNTRIES: PORTION OF FINANCING THAT EXIMBANK WOULD BE WILLING TO TAKE AS DIRECT CREDIT WOULD HAVE A STRONG BEARING ON US COMPETITIVENESS, AND HE

STRONGLY URGED THAT EXIM SEND A HIGH-LEVEL REPRESENTATIVE
ON THE TASK FORCE VISIT. HE SUGGESTED SENIOR REP SUCH AS
MCCULLOUGH. BARBOSA EXPECTS THAT DEP. ASST.
SECRETARY HOSTLER WILL HEAD TASK FORCE.

4. BARBOSA REVIEWED LIST OF PARTICIPATING COMPANIES
CONTAINED REFTEL AND AS ALREADY BERLIN - DOC TELECON
OBSERVED THAT, WHILE ALL
PARTICIPANTS WERE VERY SOUND COMPANIES AND HE DID NOT WISH TO
SUGGEST HOW US SHOULD ORGANIZE THASK FORCE, A NUMBER OF
COMPANIES THAT GOB HAD HOPED TO INTEREST IN BRAZILIAN
STEEL EXPANSION PROGRAM WOULD APPARENTLY
NOT PARTICIPATE IN MISSION UNDER PRESENT PLANS.
AMONG COMPANIES HE FELT WERE MISSING HE MENTIONED
WESTINGHOUSE, GR, ALLIANCE, MORAGAN, ROBBINS, AMERICAN
AIR LIQUID, LOFTUS ENGINEERING, AND LEE-WILSON &
HEWITT.

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5. ACTION REQUESTED:

(A) EMBASSY OFFICERS EXPECT TO SEE WILKIE NARBOSA
AGAIN AFTER THE HOLIDAYS ABOUT JANUARY 6. FOR THIS MEETING

EMBASSY URGENTLY REQUESTS WASHINGTON AGENCIES TO FURNISH
SUBSTANTIVE ANNOTATED AGENDA, WHICH INCLUDES ALL
THE MAJOR PROBLEMS AND ISSUES US OFFICIALS AND INDUSTRY
REPS WISH TO TAKE UP WITH GOB. WE ARE SUGGESTING
JANUARY 6 TARGET DATE FOR THIS IN ORDER TO GIVE GOB
SUFFICIENT TIME TO PREPARE AS THOROUGHLY AS POSSIBLE FOR
THE TALKS AND TO PERMIT FURTHER CONSULTATIONS WITH
WASHINGTON ON THE AGENDA IF THIS SHOULD BE NECESSARY.

(B) IN LIGHT OF BARBOSA'S REACTION ON QUESTION
OF INDUSTRY PARTICIPATION, EMBASSY REQUESTS THAT DE-
PARTMENT OF COMMERCE AND APPROPRIATE OFFICES IN DEPARTMENT
OF STATE GIVE FURTHER CONSIDERATION TO COMPOSITION OF
TASK FORCE TO ENSURE THAT TASK FORCE AS
FINALLY CONSTITUTED BE AS BROADLY REPRESENTATIVE OF US
INDUSTRY AS POSSIBLE. WE RECOGNIZE THAT TIME TO
INTEREST ADDITIONAL US FIRMS IS VERY SHORT, AND THAT,
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WITH HOLIDAYS, IT MAY BE VERY DIFICUL TO DO, BUT
BELIEVE THAT IT IS IMPORTANT TO THE SUCCESS OF THE
MISSION. EMBASSY WOULD APPRECIATE ADVICE WHETHER DOC
WOULD CONSIDER IT USEFUL FOR CONGENS RIO AND SAO PAULO TO
APPROACH BRAZILIAN REPS (OR SUBSIDIARIES) OF COMPANIES
BAROSA MENTIONED, TO STIR UP ADDITIONAL US INDUSTRY
INTEREST, OR WHETHER DOC WOULD PREFER TO HANDLE APPROACHES
THEOUGH COMPANY HEADQUARTERS IN US ONLY. WOULD
APPRECIATE PROGRESS REPORT ON EFFORTS TO BROADEN INDUSTRY
PARTICIPATION FOR JANUARY 6 MEETING.

(C) WOULD APPRECIATE ADVICE ON WHETHER EXIM WILL
BE ABLE TO PARTICIPATE AND NAME OF EXIM REP.
JOHNSON

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